

North Carolina Creates COVID-19 Job Retention Program

Overview

On July 1, 2020, North Carolina Governor Roy Cooper signed into law House Bill 1023¹, which includes the creation of a COVID-19 Job Retention Program ("Program") under Section 4.2B of the bill. This program offers a one-time grant to an eligible business or nonprofit that retains jobs during and after the COVID-19 pandemic.²

This Tax Alert summarizes the Program.

Eligibility

There are three eligibility requirements for the business or nonprofit.

1. The business or nonprofit employs at least 90% of the number of full-time employees, or full-time equivalent employees, during the COVID-19 period in North Carolina as it employed in North Carolina for the pay period ending on or about February 28, 2020.
2. The business or nonprofit demonstrates an economic loss in connection with the COVID-19 pandemic as follows:
 - For a business, its sales for the COVID-19 period are at least 10% below its sales for the same period in the preceding calendar year.
 - For a nonprofit, its gross receipts for the COVID-19 period are at least 10% below its gross receipts for the same period in the preceding calendar year.
3. The business or nonprofit did not participate in the Paycheck Protection Program, the Main Street Lending Program, or the Rapid Recovery Loan Program.³

Grant Award

The grant amount may be up to two months of the eligible entity's average monthly payroll costs from the last year plus an additional twenty-five percent (25%) of that amount. The maximum amount of the grant is \$250,000.⁴

Limitations

The total of all funds granted under this Program may not exceed fifteen million dollars (\$15,000,000). The Economic Investment Committee must calculate the total amount of grants requested from the timely filed applications. If the total amount of grants requested exceeds the maximum amount of funds available, the Committee must reduce each grant award on a proportionate basis.⁵

Application

The eligible entity must apply to the Economic Investment Committee for a grant on a form prescribed by the Committee and must include any supporting documentation required by the Committee. The application must be filed with the Committee on or before September 1, 2020.⁶

¹ Session 2019, Session Law 2020-80 (H.B. 1023). A copy of the adopted law is accessible [here](#).

² H.B. 1023, Sec. 4.2B.(a)-(b).

³ H.B. 1023, Sec. 4.2B.(c).

⁴ H.B. 1023, Sec. 4.2B.(d). Payroll costs are defined to have the "Same meaning as defined for purposes of the Paycheck Protection Program, including the one hundred thousand dollar (\$100,000) annualized cap amount for each employee." H.B. 1023, Sec. 4.2B(g)(9).

⁵ H.B. 1023, Sec. 4.2B.(e).

⁶ H.B. 1023, Sec. 4.2B.(f).

Considerations

The North Carolina Department of Commerce and Economic Investment Committee are currently seeking further clarification of legislative intent on several aspects of the program. Please reach out to the professionals listed below as they are monitoring these inquiries and will have more details about the Program and whether your business may be eligible.

Contacts:

If you have questions about the Program, please contact the following Deloitte professionals:

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